

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00 DOTE-00

EB-11 INR-11 NSAE-00 RSC-01 FAA-00 PM-07 H-03 L-03

NSC-07 PA-04 PRS-01 SP-03 SS-20 USIA-15 SAJ-01 IO-14

TRSE-00 DRC-01 /137 W

----- 053732

R 061912Z SEP 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4870

INFO USMISSION BERLIN

C O N F I D E N T I A L SECTION 01 OF 02 BONN 14167

E. O. 11652: N/A

TAGS: PGOV, ETRN, WB GW

SUBJECT: CIVAIR: MOVE TO TEGEL

REF: BONN 12291

1. SUMMARY. FONOFF BCATAG REPS PROVIDED US AND UK CAA'S WITH COPIES OF CORRESPONDENCE SETTING FORTH FINAL TERMS OF THE TEGEL MOVE AGREEMENT. FONOFF REPS PRESSED FOR PROMPT CAA APPROVAL OF INCREASED FEES AND RENTALS FOR TEGEL SOUTH. PAA WANTS AN OPPORTUNITY TO REVIEW DRAFT USER CONTRACT BEFORE IT WOULD FAVOR CAA ACTION. WE PROPOSE TO DELAY UNTIL PAA IS FULLY SATISFIED WITH ARRANGEMENTS FOR MOVE BUT EXPECT TO ENCOUNTER STRONG FONOFF PRESSURE TO MOVE AHEAD. UK APPEARS WILLING TO MEET GERMAN REQUEST. END SUMMARY.

2. DURING A MEETING AT THE FONOFF REQUESTED BY FRG BCATAG REP JIRKA, EMB AND UK CAA'S WERE PROVIDED WITH COPIES OF CORRESPONDENCE BETWEEN PAA/BA AND THE BERLIN SENAT SETTING FORTH THE TERMS OF AGREEMENT PROVIDING FOR THE MOVE TO TEGEL SOUTH. THE MAJOR PROVISIONS SUMMARIZED IN A SENAT LETTER DATED AUGUST 15, 1974, WERE IDENTICAL
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TO THOSE REPORTED IN REFTEL EXCEPT THAT NO REFERENCE WAS

MADE TO A FARE INCREASE APPLICATION BY THE AIRLINES TO COVER ADDITIONAL TEGEL RELATED COSTS. THE SENAT LETTER SPECIFICALLY INDICATED THAT THE TERMS SET FORTH IN AN EARLIER PAA LETTER AS AMENDED BY THE SENAT WOULD BE INCORPORATED IN AN AGREEMENT TO BE CONCLUDED BETWEEN THE AIRLINE AND THE BERLIN AIRPORT COMPANY (BFG) WHEN FEES AND RENTAL INCREASES FOR TEGEL HAD BEEN APPROVED BY THE ALLIES. THE PACKAGE INCLUDED PAA'S RESPONSE TO THE AUGUST 15 LETTER INDICATING THAT PAA/BERLIN WOULD RECOMMEND TO ITS NEW YORK HEADQUARTERS THAT THE APRIL 1, 1975, MOVE TO TEGEL BE APPROVED, BUT THAT THE MOVE REMAINED SUBJECT TO APPROVAL BY PAA'S BOARD OF DIRECTORS. BA'S RESPONSE, ON THE OTHER HAND, CONFIRMED ACCEPTANCE OF THE SENAT'S TERMS ARE INDICATED THAT THE AIRLINE WOULD TRANSFER ITS OPERATIONS TO TEGEL.

3. JIRKA SAID THAT THE FRG HAD GIVEN ITS APPROVAL AND THE ONLY STEP REMAINING WAS CAA APPROVAL OF THE INCREASED FEES AND RENTALS AT TEGEL SOUTH TO TAKE EFFECT APRIL 1. THIS ACTION WAS THE "SINE QUA NON" OF FRG/SENAT ADHERENCE TO THE ARRANGEMENT AND SHOULD BE TAKEN BEFORE SEPTEMBER 20, THE DATE OF THE NEXT MEETING OF THE BERLIN AIRPORT COMPANY'S BOARD OF DIRECTORS. DURING THE DISCUSSION THAT FOLLOWED, JIRKA PRESSED HARD FOR A CAA COMMITMENT TO FORMALLY APPROVE THE INCREASES AT THE NEXT SCHEDULED BCATAG MEETING, SEPTEMBER 13. EMB AND UK CAA'S EXPRESSED SATISFACTION AT THE PROGRESS MADE ON THE TEGEL MOVE AND PROMISED TO BE BACK IN TOUCH AFTER CONSULTING WITH THE AIRLINES AND STUDYING THE MATERIAL JIRKA PROVIDED.

4. PAA DIRECTOR RUNNETTE LATER CONFIRMED THAT A FARE INCREASE APPLICATION RELATING DIRECTLY TO INCREASED COSTS AT TEGEL WOULD NOT BE MADE UNTIL THE PORTION OF THE FRG SUBSIDY AVAILABLE FOR OFFSETTING THE HIGHER RENTS HAD BEEN EXHAUSTED OR 18 MONTHS FROM APRIL 1, 1975. HE ADDED, HOWEVER, THAT A FARE INCREASE APPLICATION BASED ON OTHER COST INCREASES WOULD PROBABLY BE SUBMITTED WITHIN THE NEXT SEVERAL MONTHS, IMPLYING THAT THE INCREASED LANDING FEE COSTS COULD WELL BE FACTORED

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IN. RE THE AGREEMENT, RUNNETTE SAID THAT PAA WOULD FAVOR CAA ACTION FEES AND RENTALS ONLY AFTER IT HAD HAD AN OPPORTUNITY TO REVIEW A DRAFT USER AGREEMENT FOR TEGEL SOUTH. HE BELIEVED PAA/NEW YORK WOULD WANT TO BE CERTAIN THAT THE FINAL AGREEMENT BETWEEN THE BFG AND PAA FULLY REFLECTED THE TERMS OF THE SENAT'S AUGUST 15 LETTER. BASED ON CONVERSATIONS WITH BFG OFFICIALS, RUNNETTE DID NOT THINK A DRAFT AGREEMENT WOULD BE

AVAILABLE BEFORE THE BEGINNING OF OCTOBER. HE CONCLUDED THAT PAA WOULD ALSO HOPE TO HAVE SOME ASSURANCES THAT THE SENAT WOULD SUPPORT A FARE INCREASE APPLICATION RELATED TO TEGEL WITHIN 18 MONTHS OF THE MOVE AND THAT THE CAA'S WOULD APPROVE SUCH AN APPLICATION.

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TRSE-00 DRC-01 /137 W

----- 053758

R 061912Z SEP 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4871

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5. UK CAA GROVES TOLD US LATER THAT BA DIRECTOR CARO HAD EXPRESSED THE VIEW THAT THE CAA'S COULD NOW MOVE TO APPROVE THE FEES AND RENTAL INCREASES SINCE THE ESSENTIAL POINTS OF THE AGREEMENT HAD ALREADY BEEN WORKED OUT. GROVES SAID HE INTENDED TO GET LONDON'S VIEWS BEFORE PROCEEDING, BUT HE WAS REASONABLY CERTAIN THE UK WOULD BE READY TO MOVE PROMPTLY ON THE FEES AND RENTALS ISSUE.

6. COMMENT: WE SEE NOTHING COMPELLING ABOUT THE SEPTEMBER 20 BFG MEETING AS A DEADLINE AND BELIEVE WE SHOULD HOLD OFF ACTING ON THE FEES AND RENTALS MATTER UNTIL PAA IS ENTIRELY SATISFIED WITH THE TERMS OF ITS AGREEMENT WITH THE BFG. ON THE OTHER HAND, THE FONOFF IS OBVIOUSLY UNDER GREAT PRESSURE TO RESOLVE THE MATTER AS QUICKLY AS POSSIBLE, AND WE EXPECT A FAIRLY FORCEFUL

GERMAN REACTION WHEN WE INDICATE OUR UNWILLINGNESS TO
PROCEED UNTIL A FINAL AGREEMENT IS DRAFTED. UNDER THE
CIRCUMSTANCES, WE THINK CONFIRMATION THAT PAA HEAD-
QUARTERS FIRMLY BELIEVES THAT IT MUST REVIEW A DRAFT
USER AGREEMENT BEFORE FINALLY APPROVING THE MOVE WOULD
BE USEFUL AND WOULD APPRECIATE THE DEPARTMENT'S SOUND-
ING OUT PAA- OVER THE NEXT SEVERAL DAYS, WE WILL
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EXPLORE THE POSSIBILITY OF DEVELOPING CAA CONSENSUS THAT
APPROVAL OF THE INCREASED FEES AND RENTALS SHOULD AWAIT
THE PREPARATION OF THE FINAL CONTRACT.
HILLENBRAND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, BERLIN AIR ACCESS, SUBSIDIES, AIRPORT FEES, AIRPORTS, TEGEL SOUTH, AIR SCHEDULES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BONN14167
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740248-0384
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740970/aaaachcv.tel
Line Count: 186
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: BONN 12291
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 08 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 MAY 2002 by elyme>; APPROVED <04 MAR 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: MOVE TO TEGEL
TAGS: PGOV, ETRN, WB, GE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005